



CREAM SILVER MINES LTD.
[N.P.L.]

Annual Report

1973

CREAM SILVER MINES LTD. (N.P.L.)

Registered Office:

Ninth Floor, Credit Foncier Building
850 West Hastings Street
Vancouver 1, B.C.

Transfer Agent:

Guaranty Trust Company of Canada

Consulting Engineers:

Agilis Engineering Ltd.

Board of Directors:

Frank A. Lang, President
Richard W. Hughes, Vice-President
Gardner S. Eldridge, Director

Capitalization:

Shares authorized: 3,000,000
Shares outstanding: 1,949,792

Auditor:

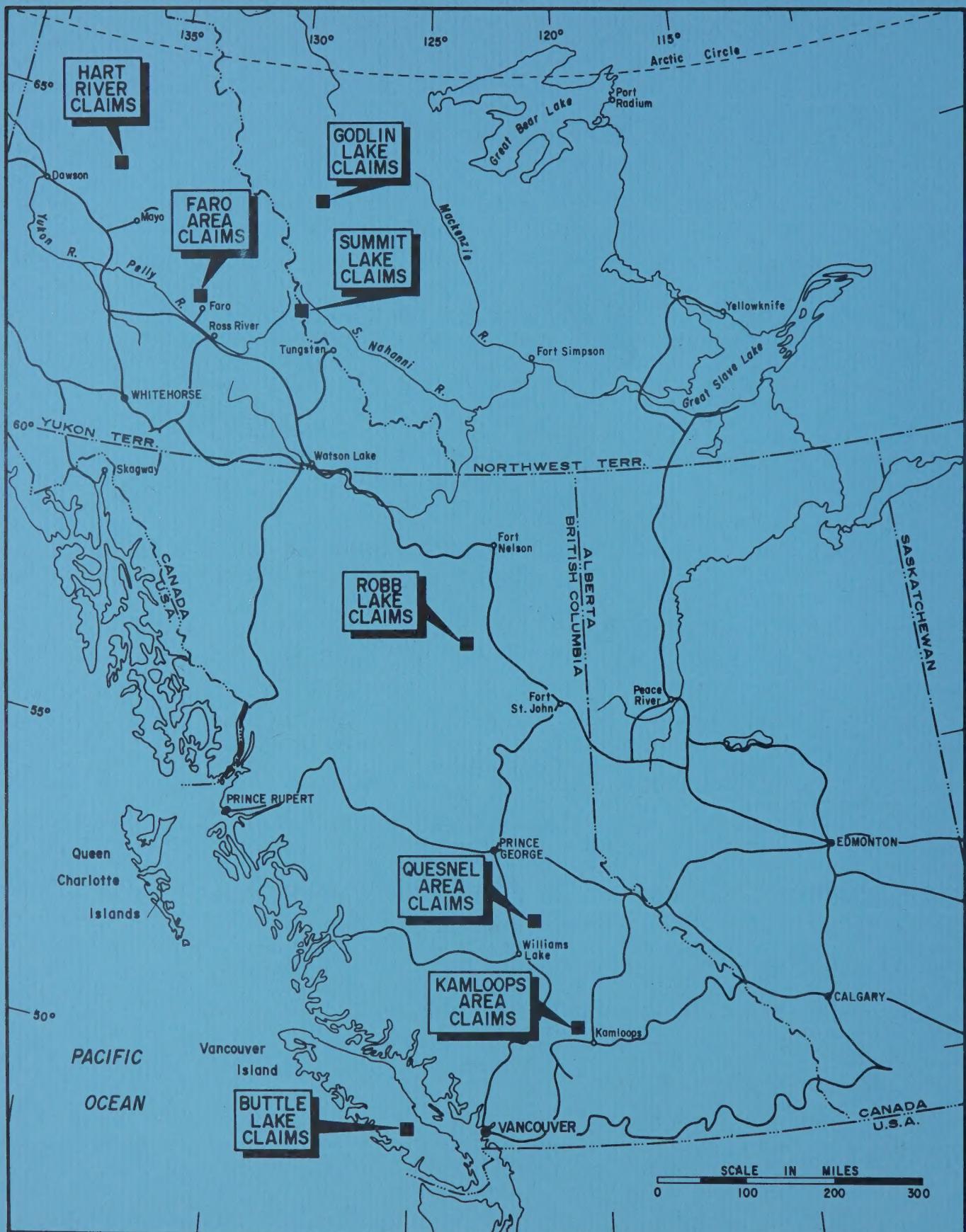
Morgan & Company, Chartered Accountants

Solicitors:

DuMoulin, Black, Brazier & Hall
Barristers & Solicitors

Stock Exchange:

Vancouver - Listed
Ticker Symbol - CEM



**CREAM SILVER MINES LTD. (NPL)
PROPERTY LOCATION MAP**

JUNE, 1973

CREAM SILVER MINES LTD.

[N.P.L.]

ANNUAL REPORT TO SHAREHOLDERS

Your Directors are pleased to present herewith the 1973 Annual Report of your Company together with Financial Statements and Auditor's Report for the year ended March 31, 1973.

Rapid growth has been the outstanding feature amongst your Company's activities during the past year. From a relatively small base, our exploration has been expanded to include mineral properties in British Columbia, Yukon, Northwest Territories, Fiji and Australia.

This has provided us with a broad exposure so that we now are in a position to move quickly into areas of new discovery and to review older areas where recently increased metal prices have magically changed worthless rock into ore.

MINERAL EXPLORATION PROPERTIES:

YUKON – NORTHWEST TERRITORIES

HOWARD PASS – SELWYN BASIN – SUMMIT LAKE

Following the major lead-zinc discovery of Placer Development Limited in the Selwyn Basin Area on the Yukon – Northwest Territories border, your Company moved quickly to acquire geologically favourable ground.

First to be acquired were the Ross mineral claims in which your Company has the right to earn a 90% interest. As can be seen on the map following, this is very prime property. Information obtained from aerial photographs shows that the geological unit that is the host rock for the Placer discovery only a mile or so east trends directly onto the Ross claims. Placer is reported to have found interesting mineralization over a strike length of three miles in broadly folded Paleozoic shales and limestones. A limited amount of trenching and bulldozing carried out late last season exposed bands of mineralization ranging from 10%-30% combined lead-zinc over widths up to 150 feet. Some sections assay as high as 40%-50% combined lead-zinc.

This discovery attracted many major mining companies into the area and hence adjacent properties are held by Noranda, Cominco, Dynasty and others. Placer is reported to have staked 450 mineral claims (equivalent to 35 square miles).

Being one of the first in the area, your Company staked over 300 additional claims covering the extension of the favourable geological unit hosting the Placer discovery. These were staked jointly with Acheron Mines Ltd. which holds a 50% interest in the claims, many of which have been vended or are in the process of being vended to other companies. Three crews with a total of 18 men including three Geologists are now working on them. Programs will include prospecting, geological mapping, and soil sampling followed by trenching and drilling as results warrant.

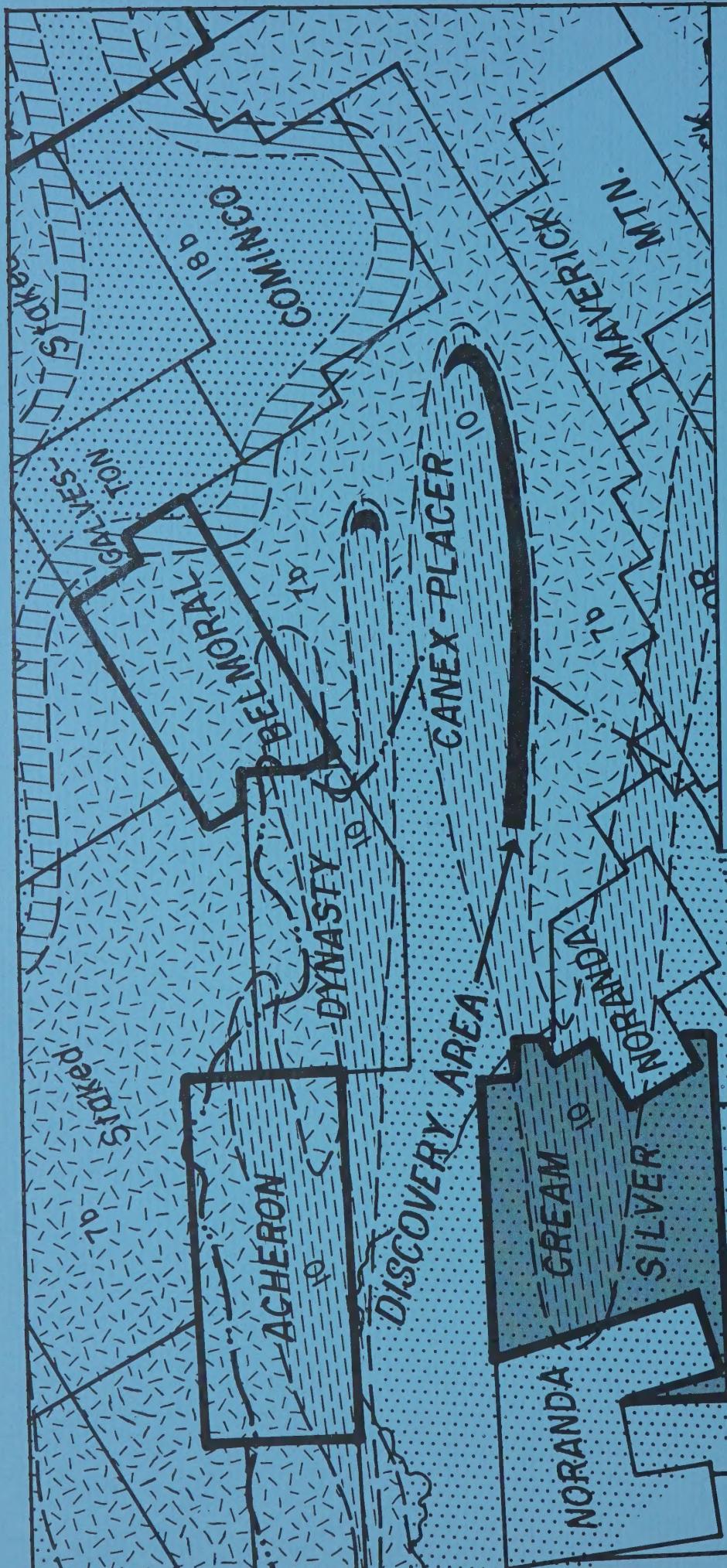
Negotiations completed or pending are as follows:-

1. GRANDORA EXPLORATIONS LTD.

Under a recently approved agreement, Grandora has the right to earn a 90% interest in the NOR 76-113 mineral claims for the sum of \$4,000.00, 100,000 shares, and the completion of a \$200,000.00 program. Cream-Acheron reserved the right to buy back a 20% interest for 20% of the amount expended on exploration up to a maximum of \$40,000.00.

2. SPIRIT EXPLORATIONS LTD.

Spirit has the right to earn a 90% interest in 52 YUK claims for the payment of \$5,200.00, and 100,000 shares. Prior to the completion of a \$100,000.00 program, Cream-Acheron may purchase back a further 10% interest for 10% of the amount expended as at that date. The initial 10% interest will remain carried.



HOWARD PASS AREA
SUMMIT LAKE – SELWYN BASIN

YUKON TERRITORY & NORTHWEST TERRITORIES

SCALE IN MILES

PREPARED BY
AGILIS EXPLORATION SERVICES LTD.

107 - 325 Howe Street, Vancouver 1, B.C. 688-1508

3. MAVERICK MOUNTAIN RESOURCES LTD. RAMID INTERNATIONAL LTD.

Under an agreement recently submitted to the Vancouver Stock Exchange for approval, Maverick must pay \$3,800.00, and Ramid 100,000 shares to earn a 90% interest in certain of the NOR claims. In addition they must complete Stage 1 work as recommended by Agilis Exploration Services Ltd. within six months of the effective date of the agreement. Cream-Acheron may purchase back an additional 10% interest for \$10,000.00 cash.

4. TORONADO DEVELOPMENT CORPORATION LTD. JUNIPER MINES LTD.

Under an agreement expected to be completed shortly, the above companies will acquire a 90% interest in 34 claims for the sum of \$3,400.00 and 50,000 shares of each company. In addition they must complete a \$200,000.00 program and file at least two years assessment work. Cream-Acheron reserve the right to buy back a 20% interest for 20% of the amount expended up to a maximum of \$40,000.00.

5. Verbal agreement has been reached with certain other companies for disposition of further mineral claims on the same basis as above.

BELMORAL MINES LTD.

Cream Silver Mines Ltd. holds as an investment a 100,000 share interest in this former subsidiary company which holds an equally well-located group of mineral claims adjacent to the north boundary of the Placer discovery claims. It is expected that further joint-venture agreements will be entered into with this Company.

SELWYN SYNDICATE – GODLIN LAKE

A prospecting syndicate formed for the purpose of acquiring properties known to have good mineralization on them was found earlier this year. Included are a number of gold-silver properties and prime geologic ground in the Godlin Lake (WELCOME NORTH) Area north of the Placer discovery.

YUKON – ROSE GROUP

Further work on Hart River claims has been deferred in favour of the above exploration programs.

YUKON – FARO

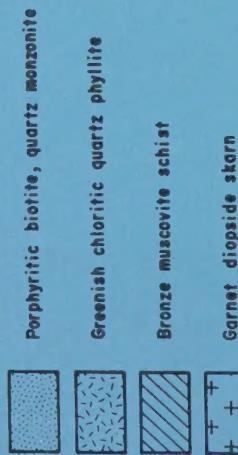
Cream Silver Mines Ltd. has recently acquired the 36 mineral claim K.O. group strategically located adjacent to the Anvil-Dynasty Mines Faro orebody which is reported to contain an estimated 60 million tons of ore grading 5.72% Zinc, 3.4% Lead, and 1.10 ounces Silver per ton. The property is located in the Whitehorse Mining District.

Both the geology and the structure is favourable and there is a reasonable chance that an extension of the Anvil orebody may be discovered on the claims. Magnetometer and Gravity Surveys are proposed to commence this month.

AUSTRALIA

A \$60,000.00 contract for the initial diamond drilling of the very important looking mineral concessions of Abadon Holdings NL in Southern Australia has been let in the last few days. Cream Silver Mines Ltd. has the right to earn a 25% interest, besides owing 50,000 shares as an investment.

LEGEND



Geological boundary

Fault

Road

Pit no. 1 — 55 million tons; 9% lead-zinc,
1 oz. Ag /ton
Pit no. 2 — approx. 9 million tons

6

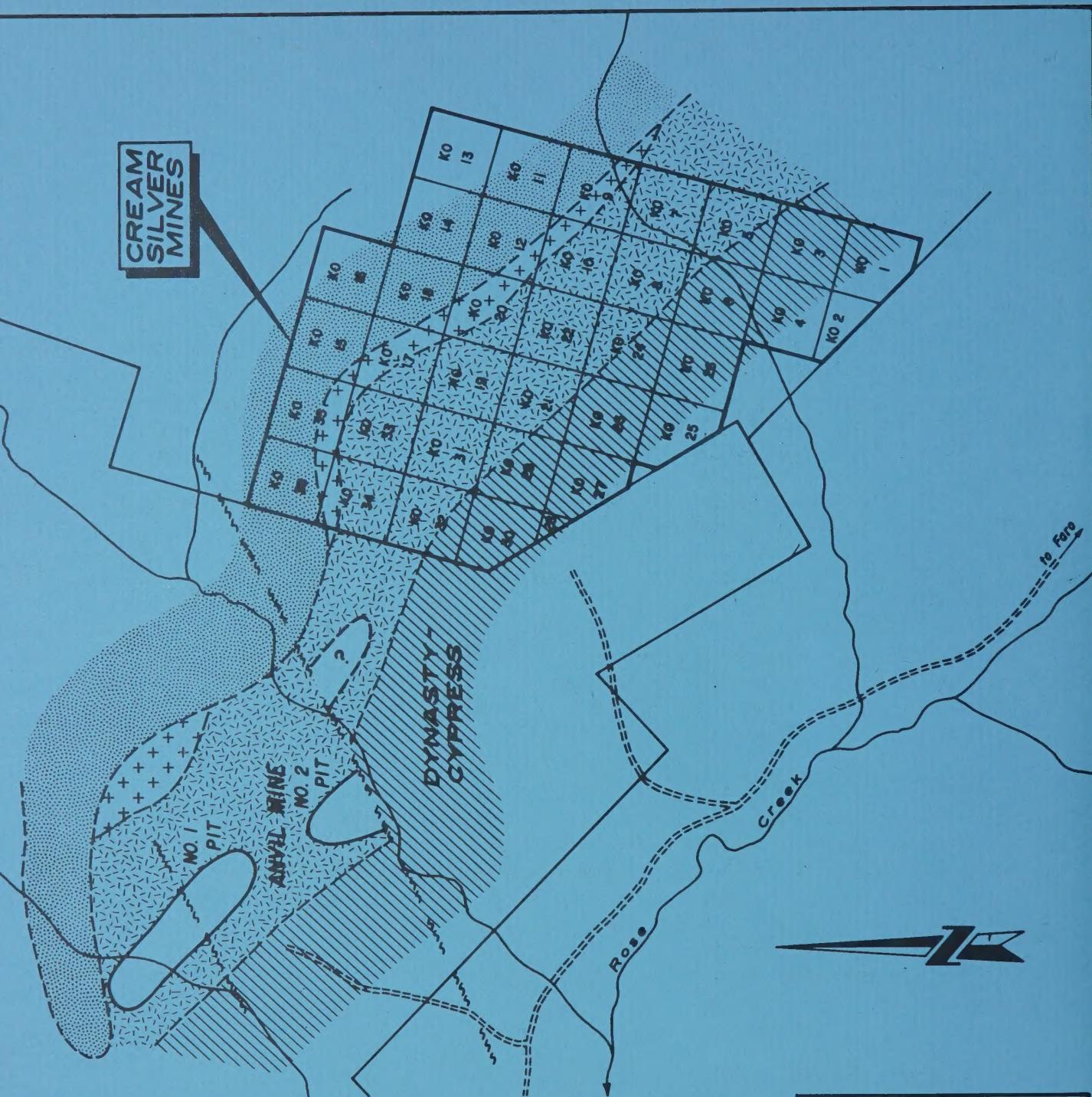
NOTE: Compiled from a map by A. Allon, P. Eng.

CREAM SILVER MINES LTD. (NPL)
KO CLAIM GROUP — FARO AREA
WHITEHORSE MINING DISTRICT, Y.T.

GENERAL SURFACE GEOLOGY

SCALE IN FEET
2000 4000 6000

to Faro



Over the past two or three years, Abadon has expended approximately \$200,000.00 on this lead-zinc-copper-precious metals prospect. Rock geochemical geophysical anomalies and mineral indications occur along a length of 5,000 ft. and width of 2,500 ft., within a mineralized structure twelve miles long by two miles wide.

Mr. Ron Philp, P.Eng., President of Abadon Holdings NL and Agilis Exploration Services Ltd. who are managing the program, has emphasized that the mineralization and exploration results to date are extremely encouraging and he is very optimistic of the programs chances of success.

The above mineral concessions cover an area of approximately 233 square miles and include within their boundaries tin prospects and an old gold mine on which further work will be done.

FIJI

In Fiji, a number of mineral concessions are to be explored through Pacific Syndicate in which Cream holds a 22½% interest along with other Canadian Companies.

There are a number of good mineral showings on the two main Islands in the Fijian chain which have excellent potential for porphyry copper type deposits, as well as various lead-zinc and precious metal occurrences. One area in particular contains an important looking zinc deposit which was discovered many years ago when zinc was of lesser interest and hence lower priced.

BRITISH COLUMBIA INTERIOR SYNDICATE

An exploration syndicate has been organized for staking a number of known mineral, including gold, showings in B.C. Recently staked were 200 claims in four groups in the Sustut and surrounding areas, one of which is on a previously known silver-lead prospect.

Sustut Peak, the site of a recent discovery by Falconbridge Nickel Mines Ltd. is approximately 130 miles north of Smithers and within 25 miles of the new B.C. Railway. Drilling in 1972 by Falconbridge is reported to have indicated a deposit containing "several tens of millions of tons with an indicated copper content of just under 1.25%, lying within 300 feet of surface." Falconbridge and its subsidiary Wesfrob Mines is reported to have staked and optioned more than 1,200 claims in this area during February and March of this year.

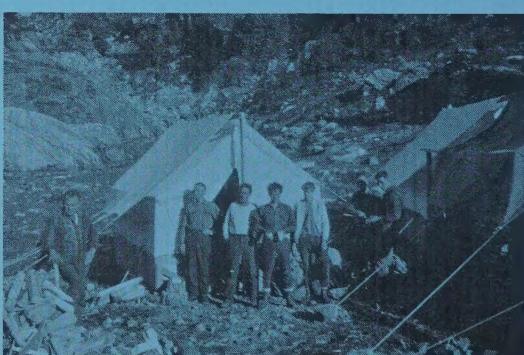
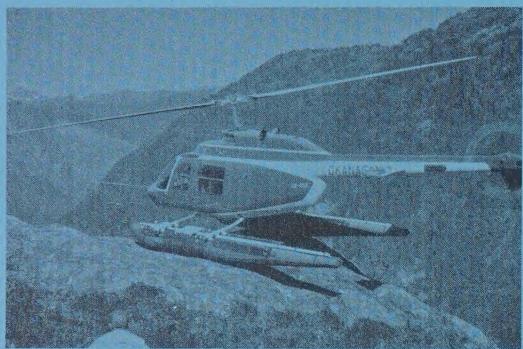
KAMLOOPS

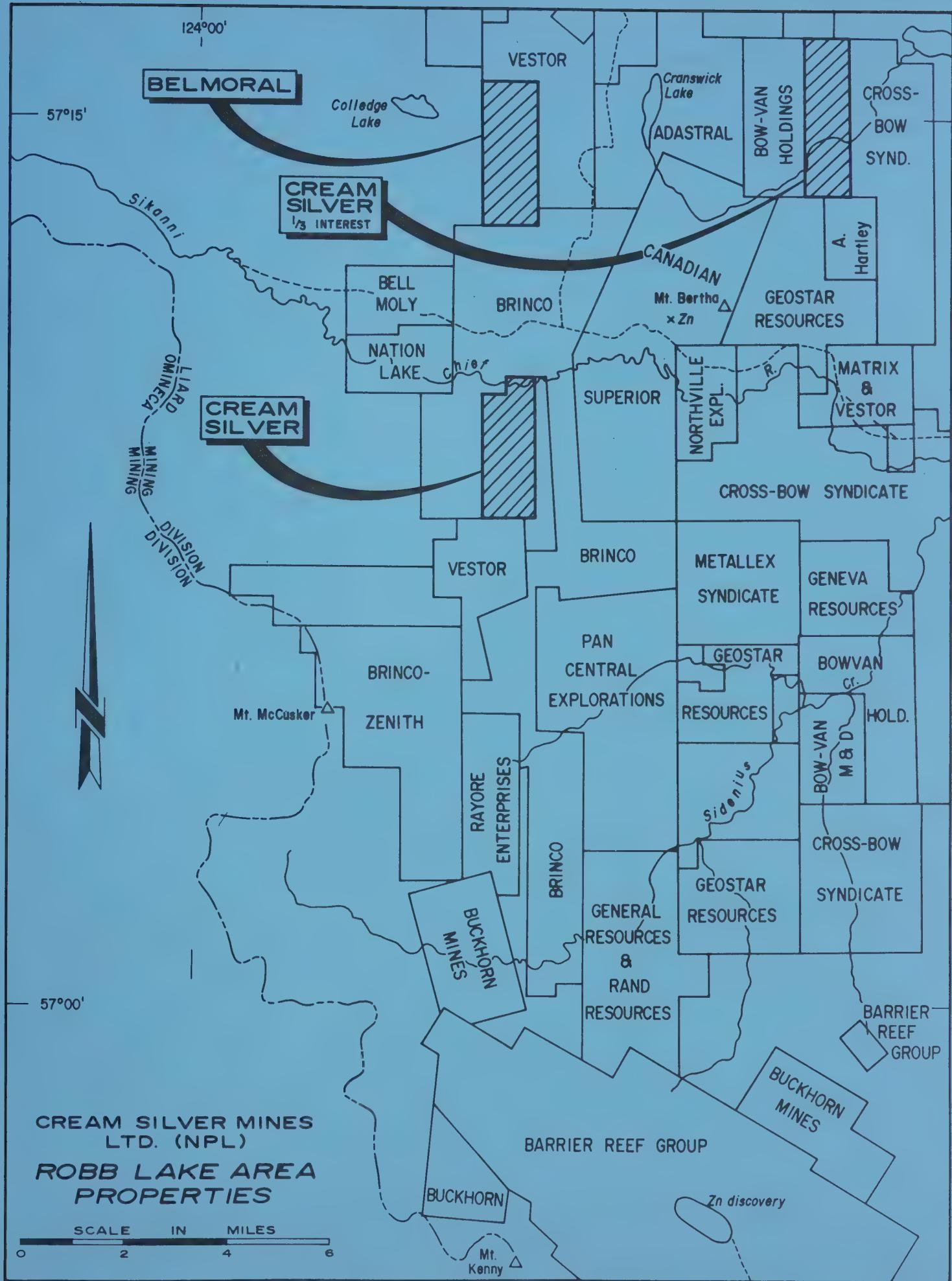
In the Kamloops-Afton area, the Company retains a 100% interest in the 'DV' group of mineral claims on the north side of Kamloops Lake. The property is well located on the extension beyond the Afton orebody of the contact between the Iron Mask Batholith and the Kamloops-Nicola Volcanics. Work by Celtic Minerals Ltd. located drill targets which will be investigated at a more opportune time.

Reports of the work on the 38 claim MARDI group west of Kamloops have not been received to date.

ROBB LAKE

The Robb Lake area of north-eastern B.C. is of considerable geologic interest and it would appear that one or more mines may yet be developed here. Following last years exploration, Cream jointly with Acheron has acquired a 90% interest in the INBE 1-36 mineral claims for \$3,600.00 and 6,000 shares of each company. These claims are located adjacent to properties held by Brinco and Aquitaine Company of Canada Ltd., near the Sikanni Chief River.

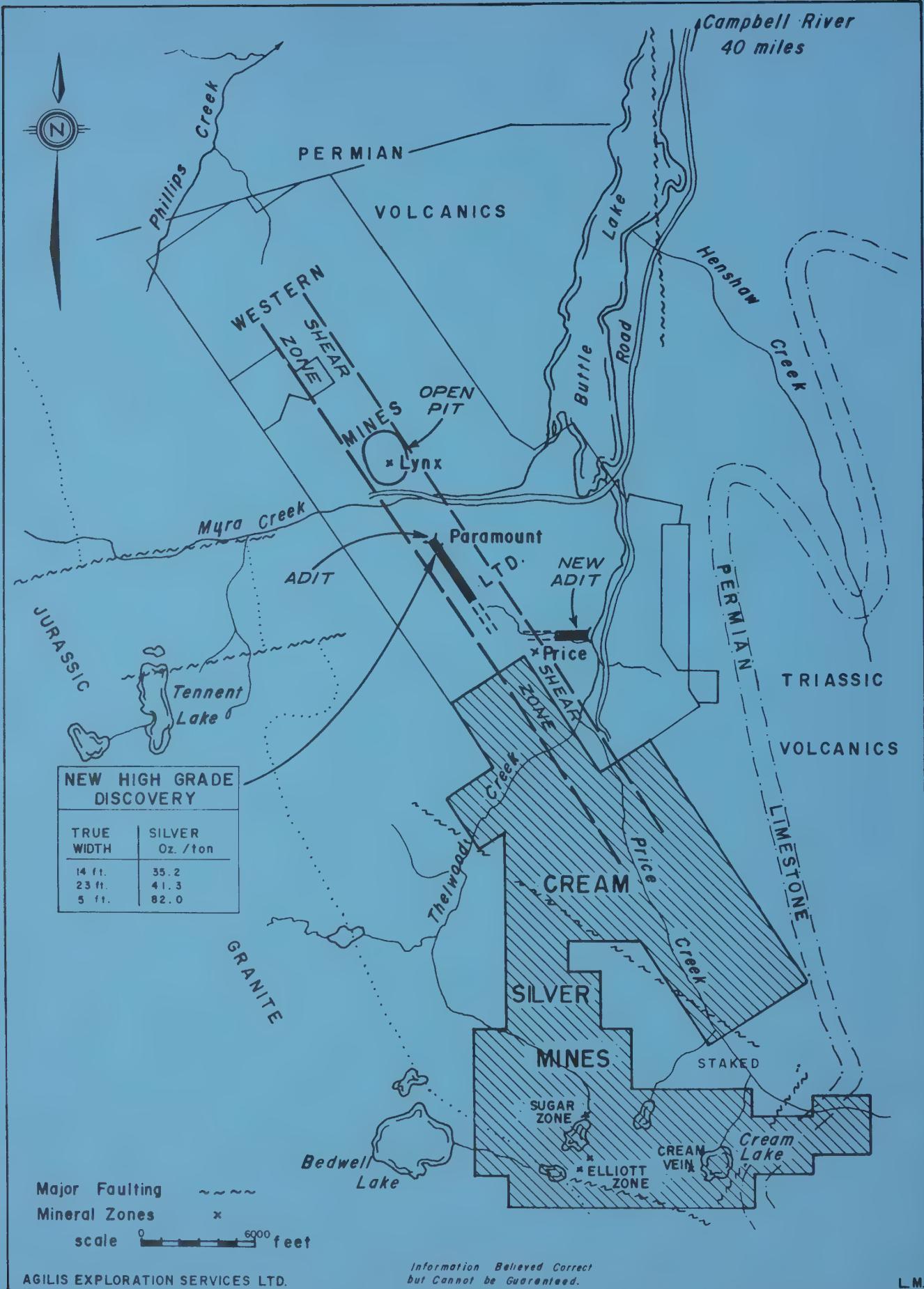




CREAM SILVER MINES LTD. (NPL)

ROBB LAKE AREA PROPERTIES

SCALE IN MILES



Work is planned to commence on these claims this month, with a modest follow-up program on the original thirty claims.

QUESNEL LAKE

Geochemical work by the company on eight claims in this area has located a strong coincidental lead-zinc anomaly with values up to 826 ppm in lead (background 33 ppm). The anomaly is notably north and west of mineral showings on the claims and is about 600 feet in diameter with northeastward and northwestward extensions. Scattered and discontinuous lead-zinc mineralization has been exposed on the claims along the base of a prominent limestone bluff that strikes north-easterly across the property. Grab samples taken from showings in the belt returned assays of over 20% lead with varying zinc (up to 2.8%) and silver (up to 1.25 oz. per ton).

Because of the above encouraging results, an additional 48 claims were staked nearby in geologically similar ground. A two-phased exploration program covering all the claims is recommended by Agilis Exploration Services Ltd. Total cost of \$81,600.00 includes detailed geological mapping, detail and reconnaissance geochem., electromagnetic survey, prospecting, trenching. I.P. survey and diamond drilling. A 75% interest is held by the Company.

VANCOUVER ISLAND – BUTTLE LAKE PROPERTY

By a recent letter of agreement, the existing 30/70 agreement with Western Mines Ltd. has been amended to postpone all cash commitments for this year and reduce the number of claims to fifty-three.

This will enable Western to proceed with the extension of the underground work towards our common border without spending extra money on unnecessary deep drilling from surface.

Western has been developing a new mine approximately one-half mile deep under Mt. Myra and has come up with ore which at present high metal prices is exceedingly rich. Geological studies have shown that the ore is contained within an anticlinal structure which plunges southeastward into Cream Silver Mines Ltd. ground.

By the same letter of agreement, Cream now has 100% interest in the remaining mineral claims, many of which are criss-crossed with veins containing high values in Silver and Gold. It is intended to re-evaluate the potential of this area as soon as possible.

GENERAL

Noteworthy to the continued growth of your companies activities has been it's close association with Agilis Exploration Services Ltd. and Mr. Ron Philp, P.Eng. whose assistance is greatly appreciated. A note of thanks is also due to Mr. R.W. Hughes who is now spending much of his time on our behalf.

Working capital at March 31, 1973 has increased to \$121,370.79 from \$110,938.14 the previous year due to sale of shares and return on investment (Afton Mines Ltd.). The Company is holding as an investment 80,000 Swiss Francs and 30,000 ozs. of Silver Bullion purchased one year ago at 26.44¢ and \$1.59 U.S. respectively.

At recent prices of 32.70¢ and \$2.50 per ounce of Silver, the net unrealized capital gain is approximately \$32,000.00.

Respectfully submitted,
On Behalf of the Board of Directors,



F. A. LANG, President.

June 14, 1973

CREAM SILVER MINES LTD.
(Non-Personal Liability)

FINANCIAL STATEMENTS

MARCH 31, 1973

MORGAN & COMPANY

Chartered Accountants

John F. Morgan

Tor B. Barth

Lorne M. Beauchamp

846 West Hastings Street
Vancouver 1, British Columbia
Telephone: (604) 687-5841

AUDITORS' REPORT

The Shareholders
Cream Silver Mines Ltd.
(Non-Personal Liability)
Vancouver, Canada

We have examined the balance sheet of Cream Silver Mines Ltd. (Non-Personal Liability) as at March 31, 1973 and the statements of deferred exploration and administrative expenditure, earned surplus and of source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1973 and the results of its operations and the source and application of its funds for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada

May 23, 1973

Chartered Accountants



CREAM SILVER MINES LTD.
(Non-Personal Liability)

BALANCE SHEET

MARCH 31, 1973
(With comparative figures as at March 31, 1972)

ASSETS

	1973	1972
CURRENT ASSETS		
Cash	\$ 1,120.21	\$ 82,403.29
Bank term deposit	60,000.00	11,979.85
Accounts receivable	584.25	
Investment in securities, at cost plus accrued interest (Note 1)	86,219.22	15,000.00
Advance for purchase of securities (Note 2)	15,000.00	3,000.00
Due from director	1,327.06	
	<u>164,250.74</u>	<u>112,383.14</u>
INVESTMENT IN AND ADVANCES TO WHOLLY OWNED SUBSIDIARY COMPANY, BELMORAL MINES LTD. (NON-PERSONAL LIABILITY) (Note 3)		
Investment in 2 shares, at cost	.02	
Advances	1,294.33	
	<u>-</u>	<u>1,294.35</u>
INTERESTS IN MINERAL PROPERTIES, at cost less recoveries (Note 4)	<u>126,693.59</u>	<u>106,418.59</u>
EXPLORATION, OFFICE AND AUTOMOTIVE EQUIPMENT, at cost Less accumulated depreciation (Note 5)	9,129.31	6,346.81
	3,095.22	1,269.36
	<u>6,034.09</u>	<u>5,077.45</u>
DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURE, per attached statement	<u>259,884.74</u>	<u>172,776.98</u>
OTHER ASSETS		
Deposit on application for prospecting permit in the Northwest Territories (Note 6)	18,000.00	
Incorporation costs	890.74	890.74
	<u>18,890.74</u>	<u>890.74</u>
	<u>\$ 575,753.90</u>	<u>\$ 398,841.25</u>

See accompanying Notes to Financial Statements

Approved on behalf of the Board

... F. A. Lang ... Director

... R. H. ... Director

LIABILITIES

CURRENT LIABILITIES

	1973	1972
Bank overdraft	\$ 7,747.99	
Bank demand loan - including 7% accrued interest	23,064.15	
Accounts payable	4,311.81	\$ 150.00
Due to director, including accrued salary	<u>7,756.00</u>	<u>1,295.00</u>
	<u>42,879.95</u>	<u>1,445.00</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL

AUTHORIZED

3,000,000 shares of 50¢ par value per share

ISSUED (Note 7)

1,181,292 shares for cash (1972 - 831,292 shares)

Less discount and commission

590,646.00

415,646.00

173,272.25123,272.25417,373.75292,373.75

727,500 shares for mineral claims

(1972 - 700,000 shares)

Less discount

363,750.00

350,000.00

267,725.00262,750.0096,025.0087,250.001,908,792 shares

513,398.75

379,623.75

EARNED SURPLUS, per attached statement

17,135.2015,432.50

CONTRIBUTED SURPLUS

Proceeds from sale of donated shares

2,340.00

2,340.00

532,873.95397,396.25\$ 575,753.90 \$ 398,841.25

CREAM SILVER MINES LTD.
(NON-PERSONAL LIABILITY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1973

1. The investment consists of the following securities:

Government of Canada bonds, 5.75% - 7.75%, due November 1, 1980 - including accrued interest to March 31, 1973	\$ 16,221.88
Certificate for 30,000 oz. of silver (Market value \$ 66,000.00)	47,190.00
Time deposit for Sw. Frs. 80,699.54, 3.5%, due October 18, 1973 - including accrued interest to March 31, 1973 (Sw. Frs. 517.82) (Market value \$ 24,852.51)	21,512.99
100,000 escrowed shares of Belmoral Mines Ltd. (Non-Personal Liability)	<u>1,294.35</u>
	\$ <u>86,219.22</u>

2. As at March 31, 1973 the Company had advanced \$ 15,000.00 to Abadon Holdings N.L. (an Australian company engaged in mining exploration) for 50,000 shares to be issued by that company.

3. During the year the former wholly owned subsidiary company, Belmoral Mines Ltd. (Non-Personal Liability) was reactivated. During the process Cream Silver Mines Ltd. (N.P.L.) disposed of its original 2 shares (being all the shares previously issued) and in consideration for such shares and the previous cash advances to the subsidiary received 100,000 escrowed shares of Belmoral.

4. The Company has the following interests in mineral properties:

a) Vancouver Island claims, Alberni Mining Division, Province of British Columbia.

These claims, including some acquired under a purchase agreement and others subsequently staked, are owned by the Company and are located within a class "B" park under the Park Act of the Province of British Columbia. The Company holds a Special Use Permit allowing it to prospect and carry out exploration on the claims. The claims were acquired under the purchase agreement for the following consideration:

690,000 shares of the Company - attributed value	\$ 86,250.00
Cash	<u>15,000.00</u>
	\$ 101,250.00

Under an option agreement to acquire a possible 70% interest in the majority of these claims Western Mines Limited has paid to the Company \$ 10,000.00 cash and expended over \$ 100,000.00 on exploring and developing the claims before failing to comply with the terms of the agreement. By a subsequent letter of agreement the original option agreement was renewed and the terms altered to provide for the postponement of Western Mines' financial commitments for the year 1973.

CREAM SILVER MINES LTD.
(NON-PERSONAL LIABILITY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1973

4. a) Cont'd

The original option agreement called for the following cash commitments by Western Mines Limited:

1. Cash payments to Cream on July 1, 1973 - 1975 inclusive	\$ 30,000.00
2. Expenditures to be made on the property:	
Before December 31, 1973	\$ 200,000.00
Before December 31, 1974	200,000.00
Before December 31, 1975	<u>250,000.00</u>
	<u>650,000.00</u>
Total additional consideration	\$ <u>680,000.00</u>

The costs of the claims staked subsequent to the original purchase agreement have been included with the deferred exploration expenditures.

b) Hart River area claims, Mayo Mining District, Yukon Territory.

These claims are owned by the Company and were acquired partly by staking and partly by purchase from Belcarra Explorations Ltd. (N.P.L.) for the following consideration:

1. 10,000 free shares of Cream Silver Mines Ltd. (N.P.L.) - attributed value	\$ 1,000.00
2. Staking costs - cash	<u>4,168.59</u>
	\$ 5,168.59

c) Pelly and Nahanni River area claims, Watson Lake Mining District, Yukon Territory and Nahanni Mining District, Northwest Territories.

1.) Approximately 300 claims were staked during the year on behalf of Cream Silver Mines Ltd. (N.P.L.) and Acheron Mines Ltd. (N.P.L.), each company having a $\frac{1}{2}$ interest in the claims. The costs of the staking have been included with the deferred exploration expenditures. Under an agreement with Grandora Explorations Ltd. (N.P.L.) Cream and Acheron have agreed to sell a 90% interest in 38 of these claims for the following consideration:

1. Cash (\$ 2,000.00 to each company)	\$ 4,000.00
2. 100,000 shares of Grandora (50,000 shares to be issued to each company)	
3. Performance of an exploration programme on the claims up to a maximum expenditure of \$ 200,000.00.	

Forward

\$ 106,418.59

CREAM SILVER MINES LTD.
(NON-PERSONAL LIABILITY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1973

Forward	\$ 106,418.59
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4. c) Cont'd.

2.) Under an option agreement the Company will acquire a 90% undivided interest in another group of claims in the Pelly River area of the Watson Lake Mining District, Yukon Territory, for the following consideration:

1. Cash (paid)	\$ 6,000.00															
2. Shares - 10,000 issued at an attributed value of 37¢ each	<u>3,700.00</u>															
	9,700.00															
3. Additional cash to be paid and shares to be issued:																
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Cash</th> <th style="text-align: center;">shares</th> </tr> </thead> <tbody> <tr> <td>On or before August 15, 1973</td> <td style="text-align: right;">\$ 6,000.00</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>On or before August 15, 1974</td> <td style="text-align: right;">15,000.00</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>On or before August 15, 1975</td> <td style="text-align: right;">25,000.00</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;"><u>\$ 46,000.00</u></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;"><u>30,000</u></td> </tr> </tbody> </table>		Cash	shares	On or before August 15, 1973	\$ 6,000.00	10,000	On or before August 15, 1974	15,000.00	10,000	On or before August 15, 1975	25,000.00	10,000		<u>\$ 46,000.00</u>	<u>30,000</u>
	Cash	shares														
On or before August 15, 1973	\$ 6,000.00	10,000														
On or before August 15, 1974	15,000.00	10,000														
On or before August 15, 1975	25,000.00	10,000														
	<u>\$ 46,000.00</u>	<u>30,000</u>														

d) Sundry claims, Kamloops Mining Division, Province of British Columbia.

1. DV, KB and GATE claims group.

These claims were acquired during the year through purchase agreements for cash of and staking costs which have been included with the deferred exploration expenditures. Subsequently the Company entered into another agreement for the joint exploration of the claims under which it received a cash consideration of

\$ 5,400.00

3,000.00

2,400.00

Under the joint venture agreement the other party failed to comply with certain other terms of the agreement regarding firm commitments for expenditures on the claims.

2. EST and MARDI claims group.

A 50% interest in these claims were acquired through staking, the costs of which have been included with the deferred exploration expenditures

4. Other Claims

A number of other claims were staked on behalf of the Company during the year in the Tranquille River area. The costs of the

Forward

\$ 118,518.59

CREAM SILVER MINES LTD.
(NON-PERSONAL LIABILITY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1973

Forward

\$ 118,518.59

4. d) Cont'd

staking have been included with the deferred exploration expenditures except for a portion relating to claims which the company decided to abandon and which has been charged to deficit.

e) Quesnel and Maeford Lake area claims, Cariboo Mining Division, Province of British Columbia.

The Company has acquired during the year a 75% interest in these claims for a cash consideration of

\$ 1,500.00

f) Robb Lake area claims, Liard Mining Division, Province of British Columbia.

During the year the Company acquired a one third interest in these claims for the following consideration:

1. 17,500 shares of the Company - attributed value	\$ 5,075.00
2. Cash	<u>1,600.00</u>
	<u>6,675.00</u>

	\$ 126,693.59
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Subsequent to the date of the balance sheet the Company acquired or negotiated for other interests in mineral properties as follows:

- a) Under an agreement entered into in April, 1973 the Company agreed to purchase the K0 claims group in the Whitehorse Mining District of the Yukon Territory for \$ 6,300.00 cash and the issue of 35,000 shares of the Company.
- b) Under another agreement entered into in April, 1973 the Company and Acheron Mines Ltd. (N.P.L.) agreed to purchase each a 45% interest in the INBE claims group in the Liard Mining Division of the Province of British Columbia for a consideration each of \$ 1,800.00 cash and the issue of 6,000 shares of each company.
- c) Under an option agreement entered into in April, 1973 the Company together with Acheron Mines Ltd. (N.P.L.) may acquire an undivided 75% interest in certain Special Mining Leases in South Australia. The companies may acquire the interest as follows:

CREAM SILVER MINES LTD.
(NON-PERSONAL LIABILITY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1973

4. Cont'd

	\$ amount of exploration to be performed on the leases		Interest acquired	
	Cream	Acheron	Cream	Acheron
By December 31, 1973	\$ 20,000.00	\$ 40,000.00	8.33%	16.67%
During 1974	23,333.00	46,667.00)		
During 1975	<u>40,000.00</u>	<u>80,000.00)</u>	<u>16.67</u>	<u>33.33</u>
	<u>\$ 83,333.00</u>	<u>\$ 166,667.00</u>	<u>25%</u>	<u>50%</u>

d) The Company together with a number of other companies have applied to acquire two mineral concessions in the Fiji Islands in the South Pacific.

A Syndicate has been formed in which the Company will have a 22½% interest for a cash contribution of \$ 15,000.00 and a proposed agreement negotiated under which \$ 60,000.00 may be expended on exploration in this area by the syndicate.

e) The company is also negotiating for participation in two other exploration syndicates in the northern interior of British Columbia and in the Yukon and Northwest Territories, and will acquire participating interests of 10% and 22% for cash payments of \$ 1,000.00 and \$ 7,500.00 respectively.

5. Depreciation for the year has been recorded on the Company's equipment at 20% of original cost values.

6. As at March 31, 1973 the Company had deposited \$ 18,000.00 with the Department of Indian and Northern Affairs as a work performance bond in connection with an application for a prospecting permit in the Northwest Territories. Subsequently the Company was informed that the application had been declined, and the deposit was refunded.

7. Of the 727,500 shares issued for mineral claims, 310,500 shares are held in escrow subject to release only with the consent of the Vancouver Stock Exchange.

During the period 350,000 shares were issued for net cash proceeds of \$ 125,000.00, and 27,500 shares were issued for mineral claims at an attributed value of \$ 8,775.00.

Pursuant to an underwriting agreement dated February 13, 1973, the following share options were outstanding:

1. 200,000 shares at 40¢ each by May 22, 1973
2. 200,000 shares at 50¢ each by August 20, 1973

CREAM SILVER MINES LTD.
(NON-PERSONAL LIABILITY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1973

7. Cont'd.

The option expiring on May 22, 1973 was not exercised, and both options were subsequently extended by 30 days each.

Share options to certain of the directors are outstanding as follows:

1. 40,000 shares at 25¢ each by September 1, 1973
2. 40,000 shares at 30¢ each by September 1, 1974

8. During the year remuneration was paid or credited to the directors and senior officers as follows:

1. In respect of salaries for general management and supervision	\$ 11,752.02
2. In respect of other services rendered	<u>450.00</u>
	\$ <u>12,202.02</u>

No remuneration was paid to the directors in their capacity as such.

CREAM SILVER MINES LTD.
(Non-Personal Liability)

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURE

FOR THE YEAR ENDED MARCH 31, 1973

	Balances at March 31, 1972	Expenditures During Year	Charged to Deficit During Year	Balances at March 31, 1973
EXPLORATION				
VANCOUVER ISLAND CLAIMS GROUPS, ALBERNI MINING DIVISION, PROVINCE OF BRITISH COLUMBIA				
Wages and benefits	\$ 44,448.97	\$ 1,806.67		\$ 46,255.64
Geophysical and geological surveys	7,398.89			7,398.89
Assays, recording fees and engineering	18,773.82	677.12		19,450.94
Travel and transportation	8,272.35	206.49		8,478.84
Depreciation - equipment	1,175.30			1,175.30
Sundry field expense	11,230.60	379.21		11,609.81
	<u>91,299.93</u>	<u>3,069.49</u>	<u>—</u>	<u>94,369.42</u>
Less option payments received (Note 4)	<u>10,000.00</u>	<u>3,069.49</u>	<u>—</u>	<u>10,000.00</u>
	<u>81,299.93</u>	<u>3,069.49</u>	<u>—</u>	<u>84,369.42</u>
HART RIVER AREA CLAIMS, MAYO MINING DISTRICT, YUKON TERRITORY				
Wages and benefits	7,069.50			7,069.50
Assays, recording fees, engineering and geology	12,351.64	12,352.98		24,704.62
Travel and transportation	7,092.21	8,710.66		15,802.87
Sundry field expense	2,234.02	5,765.48		7,999.50
	<u>28,747.37</u>	<u>26,829.12</u>	<u>—</u>	<u>55,576.49</u>
PELLY AND NAHANNI RIVERS AREA CLAIMS,				
WATSON LAKE MINING DISTRICT, YUKON TERRITORY				
Wages and benefits		808.46		808.46
Recording fees, engineering and geology		1,510.83		1,510.83
Travel and transportation		2,674.19		2,674.19
Sundry field expense		143.72		143.72
	<u>—</u>	<u>5,137.20</u>	<u>—</u>	<u>5,137.20</u>
PELLY AND NAHANNI RIVERS AREA CLAIMS,				
NAHANNI MINING DISTRICT, NORTHWEST TERRITORIES				
Wages and benefits		1,507.04		
Recording fees, engineering and geology		2,816.31		
Travel and transportation		4,984.91		
Sundry field expense		267.92		
	<u>—</u>	<u>9,576.18</u>	<u>—</u>	<u>9,576.18</u>
Forward	\$ <u>110,047.30</u>	\$ <u>44,611.99</u>	<u>—</u>	\$ <u>154,659.29</u>

CREAM SILVER MINES LTD.
(Non-Personal Liability)

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1973

	Balances at March 31, 1972	Expenditures During Year	Charged to Deficit During Year	Balances at March 31, 1973
Forward	<u>\$ 110,047.30</u>	<u>\$ 44,611.99</u>		<u>\$ 154,659.29</u>
SUNDY AREAS, KAMLOOPS MINING DIVISION, PROVINCE OF BRITISH COLUMBIA				
Wages and benefits		2,760.05		2,760.05
Recording fees, engineering and geology		7,083.49	\$ 1,733.50	5,349.99
Travel and transportation		3,546.12	1,261.05	2,285.07
Sundry field expense	<u>23.50</u>	<u>943.88</u>	<u>142.91</u>	<u>824.47</u>
	<u><u>23.50</u></u>	<u><u>14,333.54</u></u>	<u><u>3,137.46</u></u>	<u><u>11,219.58</u></u>
QUESNEL AND MAEFORD LAKE AREA CLAIMS,				
CARIBOO MINING DIVISION, PROVINCE OF BRITISH COLUMBIA				
Wages and benefits		1,100.00		1,100.00
Assays, recording fees, engineering and geology		823.00		823.00
Travel and transportation		1,388.78		1,388.78
Sundry field expense		56.33		56.33
	<u>-</u>	<u>3,368.11</u>	<u>-</u>	<u>3,368.11</u>
ROBB LAKE AREA CLAIMS, LIARD MINING DIVISION, PROVINCE OF BRITISH COLUMBIA				
Engineering and geology		989.92		989.92
Travel and transportation		529.90		529.90
Sundry field expense		475.54		475.54
	<u>-</u>	<u>1,995.36</u>	<u>-</u>	<u>1,995.36</u>
SUNDY EXPLORATION				
Travel and accommodation		207.87	207.87	
Sundry field expense	<u>49.25</u>	<u>59.47</u>	<u>108.72</u>	
	<u><u>49.25</u></u>	<u><u>267.34</u></u>	<u><u>316.59</u></u>	<u><u>-</u></u>
TOTAL DEFERRED EXPLORATION EXPENDITURE	<u>110,120.05</u>	<u>64,576.34</u>	<u>3,454.05</u>	<u>171,242.34</u>
TOTAL DEFERRED ADMINISTRATIVE EXPENDITURE, per attached schedule	<u>62,656.93</u>	<u>27,435.47</u>	<u>1,450.00</u>	<u>88,642.40</u>
TOTAL DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURE, to balance sheet	<u>\$ 172,776.98</u>	<u>\$ 92,011.81</u>	<u>\$ 4,904.05</u>	<u>\$ 259,884.74</u>

CREAM SILVER MINES LTD.
(Non-Personal Liability)

SCHEDULE OF DEFERRED ADMINISTRATIVE EXPENDITURE

FOR THE YEAR ENDED MARCH 31, 1973

	Balances at March 31, 1972	Expenditures During Year	Charged to Deficit During Year	Balances at March 31, 1973
Salaries and benefits	\$ 22,409.34	\$ 12,803.22	\$ 676.72	\$ 34,535.84
Rent and telephone, net	5,845.34	1,003.83	53.07	6,796.10
Printing and advertising	7,178.84	2,063.47	109.04	9,133.27
Legal and accounting fees and disbursements	16,170.08	6,617.32	349.74	22,437.66
Stock transfer expense	5,236.04	1,867.38	98.74	7,004.68
Stock exchange fees	3,250.00	2,225.00	117.59	5,357.41
Interest expense	779.31	89.00	4.64	863.67
Travel expense		1,100.43	58.15	1,042.28
Depreciation - equipment	94.06	1,825.86	96.43	1,823.49
Other	5,299.01	922.83	48.72	6,173.12
Less interest earned	<u>66,262.02</u>	<u>30,518.34</u>	<u>1,612.84</u>	<u>95,167.52</u>
	<u>3,605.09</u>	<u>3,082.87</u>	<u>162.84</u>	<u>6,525.12</u>
TOTAL DEFERRED ADMINISTRATIVE EXPENDITURE - to statement of deferred exploration and administrative expenditure	\$ 62,656.93	\$ 27,435.47	\$ 1,450.00	\$ 88,642.40

CREAM SILVER MINES LTD.
(Non-Personal Liability)

STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED MARCH 31, 1973
(With comparative figures for the year ended March 31, 1972)

	Year Ended March 31, 1973	Year Ended March 31, 1972
BALANCE AT BEGINNING OF THE YEAR	<u>\$ 15,432.50</u>	
PROFIT ON DISPOSAL OF INVESTMENTS	<u>6,606.75</u>	<u>\$ 15,432.50</u>
PROPERTY INVESTIGATIONS AND EXPENDITURES, per attached statement:		
Exploration expenditures	<u>(3,454.05)</u>	
Administrative expenditures	<u>(1,450.00)</u>	
	<u>(4,904.05)</u>	
BALANCE AT END OF THE YEAR	<u>\$ 17,135.20</u>	<u>\$ 15,432.50</u>

CREAM SILVER MINES LTD.
(Non-Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED MARCH 31, 1973
(With comparative figures for the year ended March 31, 1972)

	Year Ended March 31, 1973	Year Ended March 31, 1972
SOURCE OF FUNDS		
Option payment received in respect of agreement on Kamloops area claims	\$ 3,000.00	
Option payment received in respect of agreement on Vancouver Island claims		\$ 2,000.00
Proceeds from the sale of shares from the treasury	125,000.00	120,000.00
Proceeds from the sale of equipment		650.00
Proceeds from disposal of investments, net	6,606.75	15,432.50
Interest income	3,082.87	268.33
Receipt of 100,000 escrowed shares of Belmoral Mines Ltd. (Non-Personal Liability) in exchange for investment in and advances to that company (a former subsidiary)	<u>1,294.35</u>	<u>138,983.97</u>
	<u>138,983.97</u>	<u>138,350.83</u>
APPLICATION OF FUNDS		
Purchase of equipment	2,782.50	205.59
Acquisition of interest in mineral properties	<u>14,500.00</u>	
Deposit on application for prospecting permit in the Northwest Territories	<u>18,000.00</u>	
Exploration and administrative expenditure, per attached statement	92,011.81	11,729.06
Add: Interest income deducted - included as source above	3,082.87	268.33
: Option payment received in respect of agreement on Vancouver Island claims - included as source above		2,000.00
Deduct: Non cash expenditures - depreciation - loss on disposal of equipment	(1,825.86)	(1,269.36)
	<u>(310.00)</u>	<u>12,418.03</u>
	<u>93,268.82</u>	<u>12,623.62</u>
INCREASE IN WORKING CAPITAL	10,432.65	125,727.21
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF YEAR	<u>110,938.14</u>	<u>(14,789.07)</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 121,370.79</u>	<u>\$ 110,938.14</u>
REPRESENTED BY		
CURRENT ASSETS	\$ 164,250.74	\$ 112,383.14
CURRENT LIABILITIES	<u>42,879.95</u>	<u>1,445.00</u>
	<u>\$ 121,370.79</u>	<u>\$ 110,938.14</u>





NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CREAM SILVER MINES LTD. (N.P.L.) will be held at 11:00 a.m., on Monday, July 9th, 1973 in the Tudor Room of the Georgia Hotel, in the city of Vancouver, Province of British Columbia.

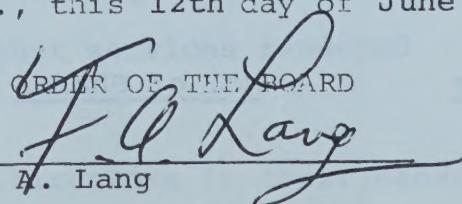
1. To receive and consider the Report of the Directors of the Company, the Balance Sheet and the Auditors Report thereon;
2. To appoint Auditors and to authorize the Directors to affix their remuneration;
3. To approve the acts of the Directors and Officers since the date of the last Annual General Meeting;
4. To elect Directors of the Company for the ensuing year;
5. To consider, and if thought fit, pass an Ordinary Resolution authorizing the Company to take or acquire shares by purchase or otherwise in any other corporation;
6. To transact such other business as may properly come before the meeting.

Accompanying this Notice of Meeting is an Information Circular and Proxy Instrument. If you are unable to attend the Annual General Meeting in person, kindly read the notes accompanying the Instrument of Proxy enclosed and complete and return the proxy within the time and to the location as set out in the said notes.

The enclosed Proxy Form is solicited by management and you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the Meeting.

DATED at Vancouver , B. C., this 12th day of June
A.D., 1973.

BY ORDER OF THE BOARD


F. A. Lang

INFORMATION CIRCULAR

AS AT JUNE 12, 1973 FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON THE 9th DAY OF JULY, A.D., 1973.

1. REVOCABILITY OF PROXY

The shares represented by Proxies received by the Management will be voted in accordance with the instructions given thereon by the shareholders, and in the absence thereof, will be voted in favour of the proposals. Any shareholder giving a proxy has the power to revoke at any time before it is exercised. The giving of a proxy will not affect the shareholder's right to vote in person should the said shareholder decide to attend the meeting after giving the said proxy. No matters other than those stated in the attached notice are known to be in prospect at the meeting, but if such matters should arise, proxies will be voted in accordance with the discretion of the individual proxy named.

2. PERSONS OR COMPANIES MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of CREAM SILVER MINES LTD. (N.P.L.) (hereinafter called "the Company") and the cost of this Proxy solicitation will be borne by the Company.

3. INTEREST OF CERTAIN PERSONS & COMPANIES IN MATTERS TO BE ACTED UPON

No Director or Senior Officer of the Company or any proposed nominee of the management of the Company for election as a Director of the Company, nor any associate of the foregoing persons has any substantial interest direct or indirect, by way of beneficial ownership or otherwise in matters to be acted upon at the said Meeting other than the election of Directors or the appointment of Auditors, except for any interest from the ownership of shares of the Company where the shareholder received no extra or special benefit or advantage not shared on a pro rata basis by all holders of shares in the capital of the Company.

4. APPOINTMENT OF AUDITORS

It is proposed that Morgan & Company, Chartered Accountants, 675 West Hastings Street, Vancouver, British Columbia be appointed auditors for the Company for the ensuing year who have acted as auditors for the Company since October, 1966.

5. VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

To the knowledge of the Directors and Senior Officers of the Company, the following shareholders beneficially own directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company.

<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>Percentage of Outstanding Shares</u>
Davidson & Co. Ltd., 572 Howe Street, Vancouver 1, B.C.	297,145	17.6

Name of Shareholder	No. of Shares	Percentage of Outstanding Shares
Doherty McCuaig & Co., 505 Burrard Street, Vancouver, B.C.	199,238	11.7

* The Directors of the Company do not know the names of the beneficial owners of the above two Companies.

The authorized capital of the Company is \$1,500,000.00 divided into 3,000,000 common shares with a nominal or par value of 50¢ per share. At the date hereof, there are issued and outstanding 1,698,792 shares and each such share issued and outstanding is entitled to one vote. Only those shareholders of record on the 2nd day of July, 1973 shall be entitled to vote at the forthcoming meeting. The Company has at present only one class of shares authorized.

6. ELECTION OF DIRECTORS

The following are nominees for election as Directors at the Meeting. The election of each is for a period of one year or until their successors are appointed or elected.

The following information being relevant to the election of Directors is offered regarding each person proposed to be nominated.

Name of Nominee	Principal Occupation	Date First Elected to Board	No. of Shares Held by Each
Frank A. Lang, 1575 Rena Crescent, Professional West Vancouver, B.C.Engineer		Since Incorporation	138,090
Richard W. Hughes, 361 East Windsor Rd., North Vancouver,B.C.Businessman		Since Incorporation	92,342
Gardner S. Eldridge, 2907 West 42nd Ave.,Retired Vancouver, B.C.	Geologist	Since Incorporation	72,000

7. REMUNERATION OF MANAGEMENT & OTHERS

During the Company's last completed financial year, remuneration was paid to the Directors as follows:

Payment of current salaries for services rendered by one \$5,752.02
of the Directors

Payment to a Director for other services rendered 400.00

\$6,152.02

No remuneration was paid to Directors in their capacity as such.

8.

INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

By Agreements dated August 24, 1972 between the Company, Richard W. Hughes and Frank A. Lang, both Directors of the Company, each of the aforementioned Directors has an option to purchase 40,000 shares in the capital stock of the Company; 20,000 shares on or before September 1, 1973 at 25¢ per share and 20,000 shares on or before September 1, 1974 at 30¢ per share. The options are non-cumulative and the allotment of shares is subject to the approval of the British Columbia Securities Commission and the Vancouver Stock Exchange.

In addition, Mr. Hughes will be paid a salary of \$6,000 per year during the currency of the agreement.

By Agreement dated November 23, 1972 between Richard W. Hughes and Frank A. Lang, Directors of the Company, and the Company, the Company has acquired a 75% interest in the following mineral claims located in the Cariboo Mining Division of the Province of British Columbia: Lam #1 - #8, Record Numbers 63602 to 63609; H. L. #1 - #24, Record Numbers 67325 to 67348; A.L. #1 - #24, Record Numbers 67349 to 67372. The purchase price being the sum of \$1,500.

9.

MANAGEMENT CONTRACTS

No Director of Senior Officer of the Company, no proposed nominee for election as a Director of the Company herein named, and no associate of any such Director, Senior Officer or proposed nominee is or has been indebted to the Company at any time since the beginning of the last financial year of the Company, other than for purchases subject to the usual trade terms, for ordinary travel and expense advances, and for other like transactions.

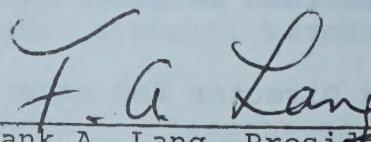
10.

PARTICULARS OF ANY OTHER MATTERS TO BE ACTED UPON

The management of the Company knows of no matters to come before the said Meeting other than the matters referred to in the Notice of the said Meeting. However, if any other matters which are not now known to the Management of the Company shall properly come before the said meeting, the Forms of Proxy given pursuant to this solicitation by the Management of the Company will be voted on such matters in accordance with the best judgment of the person voting the proxy.

DATED at Vancouver, B.C. this 12th day of June, A.D., 1973.

BY ORDER OF THE BOARD


Frank A. Lang, President